HeartWork organizing

Philadelphia Freedom

The 4th of July is my favorite holiday, for sure. There are no presents to buy, no politically correct nonsense, there is a pre-defined dress code, fireworks, and always good food. Who in the world can argue with that?

This great time happens smack dab in the middle of the year and usually with a long weekend or a couple of days off. Financial planning may not be the first thing that comes to mind for those summer days. But real freedom, whether you are in Philadelphia or elsewhere, comes from being in charge of your own circumstances.

I've sat with a couple of families just this month who are evaluating or re-evaluating their finances so they can achieve financial freedom or, better yet, financial peace. If you aren't there yet, below you'll find the keys to getting on this plan yourself.

So after the watermelon, sunscreen and the sparklers, take an hour to go through the 4 (easy) steps below. Seriously, this never takes more than 2-3 hours at most, so it is a very small part of your weekend if you choose to tackle it. If you find you need help making a plan, call me after the holidays, and let's make the second half of 2009 more festive than the first half. I am now offering financial organizing services in home or over the phone for as little as $25 per session.

No room to organize? Just 24" of wall or closet space can provide enough room for mail, to do's, finances & archives.

Red, White and Blue, but in the Black!

I met with a couple recently who were both desperate for help and also completely in denial about wanting to get started. If I had to guess, fireworks in their house weren't festive when it came to discussing the budget!

People actually say to me point blank, I don't do a budget because I am afraid I'll find out that my expenses are higher than my income. Huh? This doesn't make any sense. The way to peace is to know what's what.

Take the first step of writing down your monthly income, even if you get paid weekly or bi-weekly, figure out what you bring home a month.

Step two is writing down all of your fixed expenses as a monthly figure. These are the things you know you will have each month, even if they fluctuate sometimes. Mortgage or rent, electric, gas, phone, insurance, daycare, school loans, car payments, whatever you know you have to pay. If a bill usually varies a little, pick an average or a high amount, not the lowest amount.

Step three has you looking in to a crystal ball and anticipating all of the "life happens" expenses. Everyone who is breathing and has a pulse has these expenses, so let's not pretend they won't happen to you. Clothing, car repairs, uninsured medical, dental or eye doctor bills, house repairs, summer camp, school trips, "splurge shopping", vacations, gifts, you name it. Look back over a year of your check register or credit card statements to see what kinds of things your money went for. A crude way to account for all of this stuff is to add it all up and divide by 12. Voila, you now have a monthly figure to represent all the "unknowns" that pop up in your finances.

Step 4 is to subtract your fixed and "life happens" expenses from your monthly income. True, you might find out that you are spending more than you bring in. In that case you only have two options...increase your income or reduce your expenses. Planning how to fix this might seem tough, but being in charge of your finances can be fun. Ok, truthfully, this part may not be fun, but it is more fun than stressing over the mail and bills.

Or you may calculate that you have a positive number, meaning that you should have money left over. If that is the case, wahoo! Take the positive number you end up with, and start depositing that FIRST each month in to a savings account before you pay your bills, so that surplus doesn't disappear. You'll start building up an emergency fund in no time. Experts recommend having $1,000 in your emergency fund to start, and then building it up to 3-8 months of your living expenses.

With a safety cushion, I guarantee you'll sleep better at night, you'll start to make fewer impulse buying decisions, and you'll actually pay less for things like interest fees and late charges. Keep in mind, not paying 15% on your credit cards is like making 15% interest, and who wouldn't like to do that these days

Next Month: Hang it Up

Organizing Café:
Home Staging: Sell Your Home For More.
Thursday July 9, 12 noon at the Woodbury (NJ) Kiwanis lunch meeting. Come learn the keys to positioning your home for a quick and profitable sale. Create universal appeal. It is more than just looks! Email or 856-905-3202 for more info.

Now scheduling for 2010. I would be honored to speak to your group or professional organization. Request a speaker's package today on my most popular topics:

Home Staging
Organizing for Tax Time
Organizing in the Home
Small Biz Strategies
Procrastination & How to Beat It
Decision Making Styles
Decorating for Free
...Or customized topics

Baby Steps

Getting finances together starts with an inventory (see left), gets rolling with a cash flow plan (call it a budget if you must), and really works for you with a plan. Dave Ramsey's 7 baby steps is the most practical plan I've found, and they don't require an MBA to implement, although they may take you just a couple of years. (www.DaveRamsey.com)

1. $1000 in an emergency fund
2. Pay off consumer debt & credit cards
3. Save 3-6 months of expenses.
4. Save 15% for retirement
5. Save for college
6. Pay off your house
7. Be as generous as you can

I recommend reading his book, Financial Peace. Call me if you want to figure out how to apply or modify this plan to your own situation. Financial organizing (different from advising or investing) can put a whole new spin on freedom.

Still not sure how to make budgeting easy? Click for a free, easy budget you can complete in just a few minutes on your PC or in pencil.

If you need personal help, let's get your finances organized for as little as $25 per session.

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